

The Future of Public Housing

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Where are we now?

- 1.16 million units – “lost” about 200,000 hard units since 1995

- About 50,000 hard unit replacements

- Substantial voucher replacement
(Current practice 1 for 1 – hard units or vouchers)

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Where are we now? (cont'd)

- Changes in housing stock
 - Legendary bad projects largely gone
 - Substantial poverty deconcentration (from 43% to 26% of units in extreme poverty neighborhoods)
 - Smaller developments (fewer than 50,000 units in 500+ unit developments outside NYC)

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Where are we now? (cont'd)

- Family characteristics
 - Increase in percentage of families with earnings as largest source of income (from 36% to 48%, 1997 to 2006)
 - Substantial reduction in percentage of families with welfare as largest source of income (from 35% to 19%)
 - Family income gains more modest
 - 64% of households have a senior or disabled member

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Funding Challenge

- Capital -- \$20 to 30 billion backlog (not including hard-unit replacement)
- Annual accrual needs -- \$2.7 billion annually per last HUD study (inflated)
- Replacement reserve practices are much lower
- Operating funding – 89% of “need” – heading to 100%?

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What are the options?

- Direct Appropriation -- what priority?
 - Help seniors/disabled; greening efforts?
- Tax credits? -- used widely now
 - Restructure 4% or 9% to help public housing?

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What are the options? (cont'd)

- Project-basing for funding stability and accountability:
 - Project-based vouchers
 - Section 8 or other restructured subsidy with operating reserves
 - Project-based contracts for modernized developments
 - Need for recapitalization
 - Project-based borrowing

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What are the options? (cont'd)

- Other funding sources -- state and local, Energy Performance Contracts
- Current basics – Capital Fund, CFFP
- Voucher and replacement housing alternatives

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Overall Strategy

- How to mix property-based approaches with current successful efforts (Capital Fund, CFFP, HOPE VI)
- Need for alternative mechanisms, with funding and program coordination
- Revamped federal administrative role
- National Infrastructure Reinvestment Bank?

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Budget meltdown - What's Plan B?

- Keep focus on the mission

- Emphasize local solutions with available federal tools
